Financial condition of States

880. SHRI SURESH PACHOURI: Will the PRIME MINISTER be pleased to state:

(a) whether finances of the State Governments have deteriorated since 1998;

(b) if so, the details of the various aspects of this deterioration; and

(c) the details of measures taken by Central and State Governments to improve the situation?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRIMATI VASUDHARA RAJE): (a) to (c) Finances of the State Governments have generally deteriorated since 1997 mainly due to the upward revision of salaries of the State Government employees. The relatively stagnant revenues of the State Governments forced them to depend more and more on borrowed funds.

The Financial Management of the States is primarily the responsibility of the State Governments and it is for the respective State Governments to initiate remedial action. However, in order to alleviate the mismatch in the States' cash flow, the Government of India releases plan assistance, share in Central taxes and small savings loans in advance depending on the need and request of the State Government. In addition to Ways and Means support by Reserve Bank of India, Central Government also provides Way and Means advance to States.

Pursuant to the recommendations of the Eleventh Finance Commission, a scheme for the States' Fiscal Reform Facility has been drawn up by the Government of India. Under the scheme, States have been encouraged to draw up a monitorable fiscal reforms programme aimed at improving their financial position in the medium term. Incentive funds will be made available to States periodically depending on the progress in achieving fiscal reform targets.

Per-capita income in Ninth Year Plan

†881. SHRI KAPIL SIBAL:
SHRI RAJIV RANJAN SINGH 'LALAN':

Will the PRIME MINISTER be pleased to state:

(a) whether Government have made any assessment with regard to per-capita income of each State of the country during each year of the Ninth Five Year Plan;

† Original notice of the Question was received in Hindi.